



RNS Number : 8715I  
Scotgold Resources Ltd  
30 March 2015

## ISSUE OF CONVERTIBLE LOAN NOTE

### OPTIONS EXPIRY AND ISSUE OF CONVERTIBLE NOTE

Scotgold has been advised that due to the significant underwriting and financial support from Mr Nathaniel le Roux (Chairman and largest shareholder) of the Company's recent rights issue, a material change has occurred (as contemplated in ASIC Regulatory Guidance 74.87) to the basis upon which the Company sought shareholder approval on 30 July 2014 in respect of 50,000,000 options issued to Mr le Roux ("Options"). Consequently fresh shareholder approval would now be required for the Company to issue the shares pursuant to the exercise of the Options.

As the Options will expire at 5.00pm on 31 March 2015 ("Expiry Date") and the Company will not be able to seek and obtain such shareholder approval necessary for access to the funds without incurring significant delay and costs, with the agreement of Mr le Roux the Options will expire unexercised.

However, the Company is pleased to announce that Mr le Roux still wishes to financially support the Company to the same level as under the Options and has agreed to provide funding of £300,000 to the Company via convertible loan notes ("Loan Notes") with a repayment date of 30 September 2016 ("Repayment Date"). The Loan Notes carry an interest rate of 1% per annum and convert into fully paid ordinary shares (at the election of the noteholder) at a conversion price of £0.006 per share (being in line with the Options exercise price of AUD\$0.012 at today's exchange rate). If Mr le Roux elects not to convert the Loan Notes into Ordinary Shares prior to the Repayment Date, the Company will repay him all or any of the unconverted outstanding amount of the principal sum, and any accrued interest.

The funds raised from the Loan Notes will be used for working capital purposes and this addresses the Company's immediate funding needs. The Board will consider the Company's additional funding requirements in due course.

The issue of any shares on conversion will be subject to and conditional upon all shareholder and regulatory approvals (if required).

### Related Party Transaction

Mr le Roux is classified as a Related Party, as defined in the AIM Rules. The entering into the Loan Notes by the Company is therefore classified as a transaction with a related party for the purposes of the AIM Rules. In accordance with the AIM Rules, the independent directors of the Company, being all the Board members excluding Mr le Roux, having consulted with the Company's nominated adviser, Westhouse Securities Limited, consider that the terms of the transaction are fair and reasonable insofar as the Company's shareholders are concerned.

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